

Champion, Chris

From: RMedlin@fruit.com
Sent: Saturday, December 02, 2006 12:23 PM
To: Andy@acn.com
Cc: Champion, Chris; Lehman, Eric; Price, Rocky
Subject: Phase-Out

Andy,

First let me say that I apologize for not being available to discuss plans by phone. I am now prepared to give you our final offer and I feel it best to give it to you in writing so you can study the options and let me know which course you choose to take.

Options:

1. Continue to run at 40,000 dz. per week but phase to zero at the end of March of '07. (Cost per dz.: \$1.80)
2. Change run rate to 20,000 dz. per week and run through the end of June of '07. (Cost per dz.: \$1.80)
3. Continue to at 40,000 dz. per week through the end of June of '07 but change the cost per dz. to \$1.10 immediately

Please let me know which option you wish to go forward with, otherwise we will continue with our plan to phase out production by 12/31/06.

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